

Harbor Bond Portfolio

Round 2 offer

Table of contents

Cover letter	3
Quality jobs	4
Award-winning recyclers	5
Environmental commitment	5
Decreased transportation	7
Site well-suited	8
Into the future	9
Appendix A: Letters of support	10
Strategic Materials Inc	10
J.A. Jack and Sons	11
WestRock	13
Ardagh employees	14

Cover letter

June 24, 2019

King County Council
516 Third Avenue
Seattle, WA 98104

RE: Harbor Bond Portfolio lease - Round 2 offer | Preserving manufacturing jobs in Seattle and King County

Dear Executive Constantine, Honorable Members of the King County Council, and Kidder Mathews:

We have responded to the Kidder Mathews' invitation on behalf of King County to revise and resubmit our competitive offer to lease approximately 17 acres of industrial land in South Seattle, known as the Harbor Bond Portfolio.

In this offer, we respond to Kidder Mathews' additional requests. While the invitation requires bidders to respond to terms that are rigidly specific to the parcel for lease, it overlooks the degree to which the current use of the site is integral to our overall operation and the substantial benefits its current uses provide to King County, the economy and the environment.

The Harbor Bond Portfolio cannot be viewed in isolation without consideration of the neighboring associated uses. While it would certainly be significant if our subtenants, whose businesses are located on the leased parcel, were forced to close

and their approximately 60 employees lost their jobs, that tells only a small part of the story. We must emphasize that should this property attract a distribution and warehouse space to take over the site, our entire manufacturing operation on the neighboring property that we own and the approximately 340 family-wage jobs that depend on it would be at risk. Also at risk are hundreds of local jobs at businesses that serve our plant and employees. *(See attached letters of support from three of our neighboring vendors.)*

In addition to the enormous value our manufacturing operations bring to the local and state economy detailed in our previous submission, we would like to expand on the benefits related to glass recycling, our company's commitment to compliance with environmental regulations, and the reductions in transportation emissions resulting from our use of the site.

We also want to share with you the physical conditions and logistics that make the leased site ideally suited to our needs and not suited to other uses, especially a warehouse and distribution center.

Quality of jobs over quantity of jobs

The second-round bid solicitation calls out “jobs created and sustained over lease period” as one of the weighted criteria for selection. If the sheer number of jobs is the county’s priority, this would be a worthy standard. But prioritizing lower-wage jobs



over family-wage manufacturing runs contrary to King County’s own principles.

In the Economy section of the King County Executive’s Regional Planning Benchmark Program, King County calls out promoting family-wage jobs as a desired outcome and key performance indicator.¹

Also, the King County Comprehensive Plan, updated October 29, 2018, calls out the importance of preserving industrial and manufacturing properties:

“King County shall encourage redevelopment of and reinvestment in industrial and manufacturing properties by collaborating with other jurisdictions and the private sector to remove, revise, or streamline regulatory or other redevelopment barriers without compromising environmental standards or quality. This includes assessment and/or remediation of contaminated properties” (ED 204, page 10-8).²

Ardagh pays hourly employees an average of \$28 per hour at our Seattle plant, compared with the average \$16 per hour paid to distribution center workers. With union-negotiated benefits, our employees earn an average of \$90,000 a year. Our hourly production workforce is 100 percent unionized across four different bargaining units. We are proud of our collaborative relationship with the unions, while many warehouse workers across the country seek union protections.³

¹ King County Executive’s Office. (n.d.). Performance Strategy Budget. Retrieved from King County: https://www.kingcounty.gov/depts/executive/performance-strategy-budget/regional-planning/benchmark-program/Economy/EC01_RealWages.aspx

² King County Office of Performance Strategy and Budget. (2016, updated October 29, 2018). *Comprehensive Plan*

³ ‘We are not robots’: Amazon warehouse employees push to unionize. (2019, January 1). *The Guardian*.

Our commitment to our employees leads to a sense of belonging in the community, and a desire to give back. A few of the many organizations we have supported over the years include the White Center Food Bank, Environmental Science Center, Ryther (a child and teen mental health and addiction center), Domestic Abuse Women's Network, and United Way of King County.

Lower-wage jobs would create a barrier to employees living in King County. If they cannot afford to live here, the value of those jobs decreases even more because employees take their income with them and spend it where they live. The farther away people live from work, the greater their commute times, adding to already burdensome traffic congestion in the Seattle area.

Award-winning recyclers

Ardagh and our neighbor Strategic Materials Inc. (SMI) are proud to be leaders in glass recycling in Seattle and King County. Our combined operations are the receiving point for 100 percent of Seattle and King County's curbside glass recycling programs. This relationship keeps 465 tons of glass out of landfills every day, and 170,000 tons of glass out of landfills each year.

Ardagh Group's Seattle facility was named the 2017 Washington State Recycler of the Year by the

Washington State Recycling Association. For the last two years, our Seattle plant hosted a tour for the Washington State Recycling Association Conference trade show to demonstrate how glass is recycled and show off the glassmaking process.

By using recycled glass, we are reducing our greenhouse gas emissions by approximately 30 percent. And because our product is 100 percent recyclable, we can repeat this cycle indefinitely.

We take our waste reduction further than our production processes, keeping 55 percent of our own waste out of the waste stream by reusing or recycling.

Environmental commitment

Even though we house the manufacturing portion of our business on the property we own adjacent to the leased land, we recognize the overall environmental impact of our operation must be considered, just as we are asking you to consider our overall value.

Ardagh is grateful to be part of the Seattle plant's long history, and since taking ownership in 2014, we have prioritized making process and business improvements for the benefit of the environment and our budget. Our operation is regulated by a variety of laws and permits, and our livelihoods depend on working in partnership with the regulators who

administer the laws, rules and regulations that govern our work. While our relationships with regulators are not always easy, and we do not always agree, we have a shared interest in a clean and efficient operation.

Manufacturing bottles is an energy-intensive process that releases significant quantities of nitrogen oxides (NO_x), sulfur dioxide (SO₂) and particulate matter (PM_{2.5}). These emissions trigger coverage of our facility under Title V of the U.S. Clean Air Act. We see the requirements of our Title V permit as essential to protecting the health of our employees and the surrounding communities.



The Puget Sound Clean Air Agency, with authority delegated to them by the U.S. Environmental Protection Agency, holds us to these requirements. When we have issues, we work together to get back into compliance quickly.

In the interest of protecting stormwater runoff from our site and complying with the stormwater permit we have with the Washington Department of Ecology, we run a full-time sweeper onsite.

Recognizing that environmental protection at a manufacturing facility requires time and expertise, we created a full-time environmental engineer position to coordinate, implement and monitor plant environmental processes and activities to ensure regulatory compliance and conformance to company environmental policies and procedures.

We and our subtenants are adjacent to the Duwamish Waterway, a Superfund site. As an industry with a long history next to this site, we appreciate our shared responsibility with other Duwamish neighbors, including King County, to ensure a clean waterway.

Our environmental efforts are paying off. The plant first achieved the highly regarded ISO 14001 certification in 2013 and has maintained its status in good standing, renewing the certification

according to updated standards in 2019. ISO, or the International Organization for Standardization, is an independent, non-governmental international organization of industry experts. The 14001 certification demonstrates we have met specific requirements for our environmental management system that we can use to enhance our environmental performance.⁴

Looking to the future, Ardagh's plans include significant investment in the site and in our business operations. We believe these investments will enable us to sustain jobs and improve the environment.

If our plant was forced to close, our glass bottle customers would likely turn to imports from China and other countries that do not impose such protective requirements on their manufacturing plants, allowing more pollutants and greenhouse gases to affect the local and global environment. Plus, there would be significant emissions from the ships transporting the bottles to the United States.

Our business is already under enormous pressure from growing Chinese glass container imports. These pressures required us to curtail one of our four furnaces in Seattle earlier this year that resulted in the elimination of approximately 50 jobs. We

do not want this to happen again, and maintaining competitive operating costs is critical for us to succeed. We are committed to creating quality glass products by skilled workers right here at home.

Decreased transportation emissions

Much of the leased land is occupied by our two main suppliers: SMI provides recycled glass and J.A. Jack & Sons provides limestone, both of which are critical to the production of glass containers.

We house 85 percent of our onsite storage on the leased property, and we purchase the majority of our packaging from WestRock, which is also located on a neighboring lot.

This proximity to our suppliers means we produce very few transportation emissions to bring in supplies to the plant. It also means we can control our import costs. Without the benefits of onsite storage and close-in supply, our costs would skyrocket and could be more than the Seattle plant could bear.

If a warehouse or distribution center were to replace our leased land, the number of trucks entering and leaving the property would grow dramatically,

⁴ ISO 14001:2015 Environmental management systems -- Requirements with guidance for use. (n.d.). Retrieved from International Organization for Standardization: <https://www.iso.org/standard/60857.html>

adding significantly to traffic congestion and transportation emissions while the nearby Port of Seattle is investing heavily in reducing emissions from trucks and ships at its facilities. Port efforts include allowing cruise ships to plug into electricity at the dock and offering cash incentives for truckers to trade in old vehicles for trucks with newer, cleaner-burning engines.⁵

Site well-suited to our operation

The leased property is situated between the Duwamish to the west and Ardagh to the east. Narrow Ohio Avenue South runs between the leased land and the land we own.

Our location on the Duwamish is ideally suited for our supplier, J.A. Jack, which receives its limestone shipments via barge. On the other hand, warehouse and distribution centers receive and ship their products via trucks. These operations do not require water access, and, in fact, being located along a waterway would be limiting in terms of access for truck-dependent warehouses and distribution centers.

Also, Ardagh uses Ohio Avenue South to load and ship its products. If our Seattle plant were able to survive losing our lease, we estimate our truck traffic on Ohio would double because of our need to begin bringing in supplies by truck. This increase in truck traffic could present a conflict that would be problematic for another business.

Trucks trying to access the leased land to get to a warehouse and distribution center would have to enter and exit from East Marginal Way South (which is also Highway 99) – an already congested street during peak commute hours. Left turns to enter or exit the site would be extremely challenging and frustrating for other drivers.

We and our subtenants have purposely kept our use of the leased site relatively light – literally – locating heavy buildings and equipment elsewhere. The site is layered with fill material that is subject to frequent and ongoing settling. We regularly maintain the site by leveling the surface as necessary and adding supports to our structures. A heavy distribution center may not be well-suited to these conditions.

⁵ Bernton, H. (2018, March 22). Air is getting cleaner around Puget Sound ports even as greenhouse-gases emissions remain about the same. *The Seattle Times*. Retrieved from <https://www.seattletimes.com/seattle-news/air-pollution-from-puget-sound-ports-is-declining-survey-finds/>

Into the future

This plant has been in operation for nearly a century, making quality glass containers that contribute to the economy and that our employees are proud to produce.

We hope that you will consider the array of benefits of having a long-term partner on the leased property. We are committed to actively investing in this site, the environment, our employees and the community for the century to come.



Sincerely,



Bertrand Paulet
President and CEO, Ardagh Glass Inc.



Ben Michaelson
Plant Manager Seattle, Ardagh Glass Inc.

Cc: Joshua Markus, *General Counsel North America, Ardagh Group*
Stephen Cugier, *Real Property Agent, King County Real Estate Services*
Anthony Wright, *Director, King County Facilities Management Division*

June 3, 2019

King County Council
516 Third Avenue
Seattle, WA 98104

Dear County Council,

We are writing to formally support Ardagh's glass recycling facility in the bid to renew their lease with King County. We partner with Ardagh and directly operate on this property and have done so for more than 10 years, benefitting the local economy and environment. Without the land from the County, our costs would increase significantly and negatively impact our competitiveness in the region or possibly, the ability to operate in the region.

Some key facts about our operation, which is directly tied to and critical to Ardagh's operations on the property are as follows:

- We are the largest glass recycler in North America, with nearly 50 locations.
- We have operated in Seattle for more than 10 years
- Over 30 people are employed at this operation
- Nearly 200K tons of glass are processed at our facility; We receive and send 30-50 trucks of glass per day
- 100% of the glass collected curbside in King County and surrounding areas is accepted and recycled by us today
- We pay over \$50K in taxes annually to the County
- The use of recycled glass, also known as cullet, in manufacturing new container glass results in energy savings and CO₂ emission reductions, since recycled glass melts at a lower temperature

If Ardagh would not be allowed to remain on the property, we would likely find it difficult to continue operations in the state of Washington, and therefore glass recycling in the state would suffer. We strongly encourage you to consider Ardagh in the bid process.

Regards,



Joe LaPierre | Strategic Materials
Vice President - Container

J. A. Jack & Sons, Inc.



BUILDING SOCIETY WHILE BENEFITING THE ENVIRONMENT
INDUSTRIAL & AGRICULTURAL LIMESTONE PRODUCTS

June 3rd, 2019

5427 Ohio Avenue South
Seattle, WA 98134

To Whom it May Concern:

As representatives of J.A. Jack & Sons, we kindly request that the leadership of King County reassess the open bidding process on the property currently leased by the Ardagh Group. We request that King County enter good faith negotiations with the Ardagh Group to ensure the longevity of their business and the benefit it provides to the economy and citizens of King County and the City of Seattle.

Our company, J.A. Jack & Sons, operates a limestone processing facility on a portion of the property leased to the Ardagh Group. For approximately 50 years, J.A. Jack & Sons has been a good tenant of this property and has provided significant benefit to the surrounding area of King County. The business relationship with the Ardagh Group has been one of great value through the years. Ardagh is a critical customer to J.A. Jack & Sons and without their support and demand for our product, the J.A. Jack & Sons operation would be significantly compromised, negatively impacting our own long-term vitality.

The J.A. Jack & Sons business employees 28 people at the Seattle operation and is supported by another 13 people at the limestone mining operation. Without the Ardagh Group's lease extension, J.A. Jack & Sons would be forced to eliminate many of these positions, negatively impacting King County's business growth and tax base.

In consideration of our own long-term position on the leased property, we support King County's renewal of the Ardagh Group's lease. Our own interests are contingent on an extension of this lease. J.A. Jack & Sons has no interest in shuttering our business doors, eliminating our strongly committed employee base, and ending the legacy of the business. In addition to supplying the Ardagh Group with a critically important raw material, J.A. Jack & Sons is also a vital supplier to several other large local manufacturers and businesses of King County; including, US Gypsum, CertainTeed, and many other businesses in the surrounding area. Any disruption to the production at J.A. Jack & Sons would have a severe impact on the operation of these businesses.

J. A. Jack & Sons, Inc.



BUILDING SOCIETY WHILE BENEFITING THE ENVIRONMENT
INDUSTRIAL & AGRICULTURAL LIMESTONE PRODUCTS

We are confident that a suitable lease can be achieved with the Ardagh Group if King County is willing to negotiate the terms of an extended agreement. We appreciate your willingness to evaluate our request and the continuation of the relationship that exists between our businesses and King County.

Sincerely,

Brody A. Oakley
General Manager
J.A. Jack & Sons

June 18th, 2019

To Whom It May Concern:

This letter is in support of renewing the Ardagh Group's lease with King County. The renewal of the Ardagh lease is not only critical to their operation but to operation of the WestRock Seattle manufacturing facility. We feel very strongly that renewing their lease is an urgent matter and that a failure to renew the lease will have a tremendous negative impact on our business.

The WestRock Seattle facility is a union facility and currently employs 102 people, both salaried and hourly. Our history and roots run deep with Ardagh; Ardagh is both our oldest and closest business partner. Our partnership with Ardagh is unique: in fact, our facility was built in 1953 specifically to partner them.

For over 65 years we have partnered with Ardagh in the business community, providing well-paying union jobs to hundreds of families over the past 6 decades. That continues to this day. However, failing to renew their lease would impact our facility in a terrible fashion, likely resulting in the loss of twenty five percent of our union work force, along with a similar number of salaried jobs. But the effect would ripple deeply through our entire organization. The effect at Ardagh, and their work force, would be significantly higher if the lease was not renewed. The effect would not just be on the businesses involved but on the lives, and livelihoods, of hundreds families with good paying jobs who would lose their incomes.

Again, we at WestRock Seattle are in complete support of the renewal of Ardagh's lease with King County. Please feel free to contact me with any questions.

Sincerely,



Richard Morgan

General Manager

WestRock Seattle

Richard.L.morgan@westrock.com

These unions represent more than 300 of Ardagh Group's approximately 340 Seattle plant employees. Both represented and non-represented employees have signed this letter in support of preserving manufacturing jobs in Seattle.



June 18, 2019

Dear Executive Constantine, Honorable Members of the King County Council, and Kidder Mathews:

We, the employees of Ardagh Groups's Seattle manufacturing plant, urge you to renew our lease for the long term to retain manufacturing in the city, support hundreds of family-wage jobs, and preserve the glassmaking legacy on our South Seattle site that we have occupied for nearly a century.

Ardagh is participating in King County's competitive bid process for the property, which the county calls the Harbor Bond Portfolio. Without the leased property our entire manufacturing operation and our approximately 340 family-wage jobs are at risk. The four unions that represent more than 300 of our jobs are united in support of a lease renewal.

The consequences of failing to secure a renewed lease extend beyond the borders of Ardagh. The jobs of hundreds of people who work for our vendors and neighboring businesses are also on the line.

King County's marketing materials are focused on attracting more warehouse and distribution centers to the area. But they fail to mention our manufacturing operation's critical dependence on the property. If our plant is forced to shut down by an incoming warehouse, our jobs would be replaced by low-wage jobs with high turnover rates.

Our skilled workers have been making quality glass containers, such as wine bottles and juice bottles, at the East Marginal Way South plant we have owned since the 1930s. We have been King County's tenants at the adjacent waterfront property since the 1960s. Multiple generations of families have spent their careers at this plant. Seventy-two percent of us reside in King County and put our money right back into the local economy.

Arita Jacques (Please Help the Si...)

Rosita Babor

(I NEED MY JOB!)
Calvin A Brown

Tina Babor

Manufacturing jobs are in short supply in this region. Without this plant, we are deeply concerned for our future employment options and the local legacy of manufacturing in general. Our plant plays a key role in sustainability. We manufacture a high-quality, 100-percent recyclable product every single day. In fact, we produce more than 1 million wine bottles daily, serving as a main supplier of wine bottles for the Pacific Northwest wine industry. We also receive all of Seattle and King County's curbside glass recycling, which keeps 465 tons of glass from being dumped into landfills every day.

We, the undersigned Ardagh Seattle employees, strongly urge you, our elected representatives to stand with our 340 family-wage jobs and support what is left of our region's manufacturing legacy. Thank you.

	Perry Purdie	Mark Sumner
	Robert ...	
	W. B. ...	
John Dwyer	Ken Wagner	Calvin ...
Kitt Hansen		
	Angie ...	
	John ...	
Raymond E. Sherman	Peggy ...	Ron ...
John ...		


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Joseph M. Marich II	Smoke	2'
Joseph M. Marich II	Heather	
DeCull	Paul Paul	James Lee
Tom Cyprian	Ami	John Lynn
Emper Mar Repkalk	psd	
Gallupin	psd	Cheryl
Spence	Monica	Angela
Am	Maure	W. J. Dyer
L. H. Mice	AAA	Andrea Bess
T96	J. F. W. G.	Durrah Fung
Spence	Lawrence	Willie Shand
Jelguera	Barb	Bryan Semick
John L. Dyer	Phoebe	Am
Cheryl Dyer	Pomie	John Dyer

John Lee	Viktor Davis	Fred Horn
	Miguel Aguirre	
	Joe Lopez	Karen Shiff
	PAUL DeLaPaz	
Philip Henke	Sam Bies	Alberts J. Henke
Mark Davis		R. Michaels
Dorion Mulkin	Justin Farnabi	Young
Ann L.	Greg	Sal March
	Mark Carlson	Mark Carlson
Mom		Charmain Paltray
	Troy Parker	
Nguyen Van	Thanh Nguyen	

Race C Flynn	Deggie Carter	Wally Mitty
Dal R	June D	Gene Jackson
Kan Ha	Griff	Ben Olmedo
Cyde Collins	Lo	Shirley
Dud Dry	Phum Lu	
Tommy Dwyer	Joe	
Mark Fey	Felise Kirona	
Dal Whit	Mike	
Mark A Velazquez	Steve Wilcox	
MARK TAFIA	Max Villan	
Wayne Henty	John Sevin	
Randy Tuck	Good Philip	

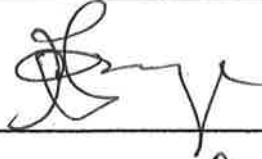
DONNY LINGAT



TOMMY MASBARRA



CHESTER GEORGE



JARVIS MUFUNDA



FRANK RUSSELL



Juan Herrera



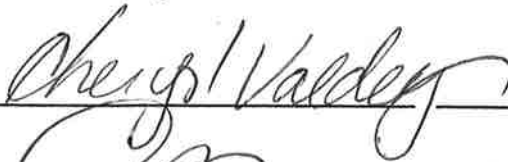
JAMES ROLDEN



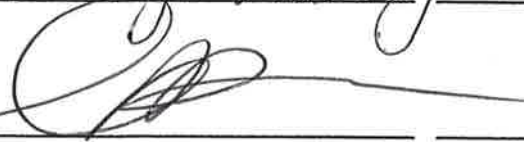
Tony Faaopega



Cheryl Valdez



Chir B



Diane Shirley



MARVIN LUBORN

Chris Withman

MAT CARNA

Barry Clark

Kenneth Schubert

Edward W Okay

R. M. M.

Erin

John Paul

J. M. M.

John Paul

Armando Delgado



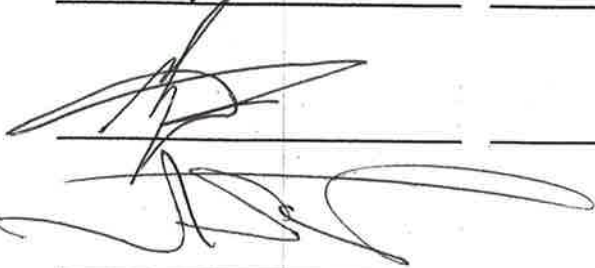
Art Moran

Juan D. Medina

Rodriguez Hernandez

Aurora M. M. Arreola

Randy Tress



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Wanda Fain

Neil Andrew



Mary Sca

Mike Peterson



Joe Ves

Dwaine Kirkland